



Brussels, 07 September 2023.

Cross-border Regulatory Interconnectivity Framework

- Update of the Globally Networked Customs (GNC) concept and

Feasibility Study on an Interconnectivity Framework for Certificates of Origin

(Item IV.b and c on the Agenda)

SUMMARY

Purpose of document

The Permanent Technical Committee (PTC) was updated on the ongoing work on Cross-Border Data Exchange and the Globally Networked Customs (GNC) framework during its 239th/240th Sessions. Delegates expressed an interest in updating the GNC concept to meet evolving needs and align it with technological advancements.

In addition, a feasibility study on an interconnectivity framework for certificates of origin (COs) was initiated. The study, planned to be conducted in two main stages, aims to address challenges in establishing electronic data exchange for COs. The PTC will be briefed on the progress of the feasibility study.

Action required of the PTC

The PTC is invited to:

- discuss the potential review of the GNC-related instruments and tools; and
- take note of the progress of the Feasibility Study on an Interconnectivity Framework for Certificates of Origin.

*

*

*

I. Background

1. During its 239th/240th Sessions, the Permanent Technical Committee (PTC) was updated on several developments and the ongoing work by the WCO in the area of Cross-Border Data Exchange and the main instruments used for that purpose.
2. PTC delegates have expressed a desire to review and update the Globally Networked Customs (GNC) concept so as to adapt it to current evolving needs.
3. The GNC concept was developed between 2009 and 2012 by an Ad Hoc Working Group, which undertook a comprehensive analysis of the potential to rationalize, harmonize and standardize the secure and efficient exchange of information between WCO Members (Customs-to-Customs). During the development of GNC, the single most difficult misconception that had to be addressed was that GNC was an IT system linking all WCO Members via a hub-like infrastructure operating out of Brussels, whereas it actually consists of a set of guiding principles.
4. The GNC provides an overarching framework in conformance with relevant WCO instruments such as the WCO Data Model, the Revised Kyoto Convention and the SAFE Framework of Standards, through which WCO Members can apply a common, disciplined and coordinated methodology to implement data exchange based on a bilateral or multilateral arrangement.
5. The GNC concept includes the Utility Block (UB), a functional subset of the GNC structure that offers a tangible value proposition to Customs administrations by meeting specific needs through the sharing of information. A UB addresses some of the interconnectivity aspects relevant to a specific part of Customs' business and describes what is needed for information exchange, including the reasons for following this approach, listing the specific data elements required, the alignment of processes, the necessary communication mechanisms and IT interface and message specifications. Published UBs could be re-used by any WCO Member for a similar type of data exchange with little further work required.
6. GNC currently consists of the following documents, which are published on the WCO website¹:
 - GNC Handbook;
 - "Strategic Value" flyer;
 - "Frequently Asked Questions" flyer;
 - "GNC Repository" in which five Utility Blocks have been published to date; further UBs are currently under development.

II. Review of the Globally Networked Customs (GNC) concept

7. The GNC concept is designed to facilitate international trade by standardizing and streamlining Customs-to-Customs data exchange. Since its introduction, only a few Members have implemented the GNC methodology and developed Utility Blocks; further developments are currently ongoing. Despite the limited adoption of GNC, the

¹ <https://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/gnc.aspx>

volume of Customs-to-Customs data exchange has been increasing. Learning from these experiences could provide valuable insights for adapting the GNC to meet current needs more effectively. Furthermore, as technology evolves, there are several areas where the GNC concept could potentially be updated or improved:

- **Blockchain integration:** Blockchain technology could offer a secure and transparent way to handle Customs data. It could be used to verify the authenticity of goods, track shipments in real time, and even automate certain Customs procedures through smart contracts. Integrating blockchain into the GNC could improve both security and efficiency.
 - **Review of the UB segment descriptions:** UB segments are the primary GNC components for harmonization. The clarity of some of the UB segment descriptions, such as business rules, triggers and integration, could be improved to simplify understanding of each segment and eliminate potential ambiguity.
 - **Business process management:** The use of business process management tools (e.g. business process model, Unified Modelling Language (UML)) could be explored to enhance the consistency of some of the UB segments such as entities, business rules and triggers.
 - **Change management:** The current experience of some Members indicates that change management is a critical element of UB implementation. Within Customs administration and with external stakeholders, change management has enabled improved collaboration and the ultimate implementation of the UBs.
 - **Identification of approaches to increase the development of UBs by Members.**
8. The PTC might consider establishing an informal mini-group consisting of interested members of the PTC and other stakeholders (e.g. commercial partners, other government agencies) with experience in the implementation of Customs-to-Customs data exchange and/or single-window interoperability to review the GNC-related instruments and tools during the intersession.

III. Feasibility Study on an Interconnectivity Framework for Certificates of Origin

9. In line with the WCO Strategic Plan 2022-2025 to enhance digitalization and Customs cooperation, as well as the reinforcement of Customs cooperation and cooperation with key stakeholders, and with regard to global practices on data exchange for certificates of origin (COs) and Members' needs with a view to facilitating the establishment of the smooth and efficient exchange of information related to COs in international trade, the Technical Committee on Rules of Origin (TCRO) discussed and considered the inclusion of a feasibility study on establishing an interconnectivity framework for CO in its Work Programme at its meeting in February 2023. The Work Programme was subsequently approved by the Council in June 2023.
10. Following Council approval, an Informal Working Group (IWG), consisting of interested members of the TCRO, was established to work on the Feasibility Study on an Interconnectivity Framework for COs, in which the GNC methodology will be used as the primary reference for establishing the interconnectivity framework.

11. The first meeting of the IWG is scheduled for 11 September 2023 in a virtual mode, when the draft Concept Notes and Action Plan for the Feasibility Study on an Interconnectivity Framework for COs (attached as Annex I and Annex II to this document) will be further discussed by the IWG, including a Business Process Model and a common CO dataset.
12. The work of the IWG will be based on the Action Plan, which consists of two main stages: the first stage will address the Business Process Model and CO dataset. The second stage will address the interconnectivity framework, focusing on legal frameworks and a business case for interconnectivity. The first stage is planned to be concluded by the end of 2023, which allows for the submission of its results to the TCRO in February 2024. The second stage will begin immediately after completion of the first stage and is planned to be completed by mid-2024.
13. The overall Feasibility Study is planned to be completed by the end of 2024, allowing for the submission of the outcomes to the TCRO for endorsement at its meeting in 2025 and subsequently to the PTC, Policy Commission and Council.

IV. Action required of the PTC

14. The PTC is invited to:
 - discuss the potential review of the GNC-related instruments and tools; and
 - take note of the progress of the Feasibility Study on an Interconnectivity Framework for Certificates of Origin.

*

*

*